

Message Text

LIMITED OFFICIAL USE

PAGE 01 PANAMA 03733 241948Z

66

ACTION OPIC-06

INFO OCT-01 ARA-06 ISO-00 EB-07 /020 W

----- 031085

R 241912Z JUN 75

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 4276

LIMITED OFFICIAL USE PANAMA 3733

E.O. 11652: N/A

TAGS: EFIN, PN

SUBJECT: COLAC LOAN AND GOP APPROVAL OF GUARANTEE

REF: STATE 099834

1. ATTORNEY ROBERTO ALEMAN AND ARMANDO TERAN OF CONFEDERATION OF LATIN

AMERICAN CREDIT UNIONS (COLAC) ADVISE THAT FORMAL APPLICATION FOR CON-

CURRENCE IN OPIC GUARANTEE HAS BEEN MADE TO MINISTRY OF COMMERCE AND
INDUSTRY (MCI) ON BEHALF OF U.S. CENTRAL CREDIT UNION (CENTRAL). WE
UNDERSTAND FROM ALEMAN, HOWEVER, THAT UNLESS PANAMA WAIVES INCOME
TAX AGAINST REMISSIONS OF INTEREST BY COLAC TO CENTRAL, LATTER WOULD
BE
RELUCTANT TO PROCEED WITH PROGRAM. TAX IS GRADUATED UP TO 45 PERCENT
BUT
AT ANTICIPATED COLAC LENDING LEVEL, TAX EXPECTED TO BE ABOUT 34
PERCENT.

2. MCI HAS INDICATED THAT EXONERATION OF TAX WOULD BE ACCEPTABLE TO IT,

BUT THAT MATTER SHOULD BE TAKEN UP WITH AGRICULTURE MINISTER
GONZALEZ. ALEMAN STATES ALSO THAT HE HAS PREPARED FOR CONSIDERATION BY

LEGISLATIVE COMMISSION A DRAFT BILL WHICH IS DESIGNED TO EXEMPT PROGRAM

FROM LIABILITY FOR TAX ON INTEREST REMITTED ABROAD.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PANAMA 03733 241948Z

3. IF CENTRAL IS UNDER IMPRESSION THAT ENTIRE INTEREST RECEIVED

FROM COLAC SUBJECT TO TAX, YOU MAY WISH TO POINT OUT TO IT THAT POSSIBLY ONLY INTEREST ON PORTIONS OF CENTRAL LOANS WHICH COLAC RE-LOANED IN PANAMA ARE SUBJECT TO TAX. THUS, SINCE COLAC PLANS TO RE-LEND MOST FUNDS TO FEDERATION MEMBERS THROUGHOUT LATIN AMERICA, MOST OF INTEREST WOULD APPEAR TAX EXEMPT. I DISCUSSED THIS ASPECT OF TAX ON INTEREST WITH LOCAL BANK WHICH HAS FINANCE COMPANY LOCATED IN PANAMA, THE OPERATIONS OF WHICH ARE LARGELY OFFSHORE. BANK'S OFFICER CONFIRMED EXEMPTION OF THAT PART OF INTEREST REMITTANCES TO FOREIGN LENDER WHICH CAN BE ATTRIBUTABLE TO FUNDS RE-LOANED ABROAD. HE STATED THAT SEPARATE ACCOUNTS ARE KEPT FOR TAXABLE AND NON-TAXABLE INTEREST EARNINGS.

4. IN VIEW OF DELAY RESULTING FROM QUESTION OF TAX ON INTEREST AND CENTRAL'S CONSEQUENT RESERVATIONS, AND OF CENTRAL'S RELIANCE ON COLAC AND ALEMAN FOR SUBMISSION OF FORMAL APPLICATION TO MCI, I HAVE HELD OFF ON FOLLOW-UP TO MY LETTER TO VICE MINISTER ON PROGRAM.

JORDEN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LOANS, CREDIT UNIONS, INVESTMENT GUARANTEES, TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 24 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PANAMA03733
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750219-0577
From: PANAMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750621/aaaaasza.tel
Line Count: 79
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 099834
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 12 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 SEP 2003 by SmithRJ>; APPROVED <30 OCT 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COLAC LOAN AND GOP APPROVAL OF GUARANTEE
TAGS: EFIN, PN, COLAC, CENTRAL CREDIT UNION
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006